

## Message Text

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10

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /089 W

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P 131038Z MAR 75

FM AMEMBASSY BERN

TO SECSTATE WASHDC PRIORITY 411

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E.O. 11652: N/A

TAGS: ETRD SZ

SUBJECT: COUNTERVAILING DUTY INVESTIGATION ON CHEESE; SWISS  
IMPORT QUOTA FOR U.S. BEEF

REF: A) STATE 55109; B) BERN 1016

1. AMBASSADOR JACOBI IS OUT OF COUNTRY UNTIL WEEK OF MARCH 17. IN HIS ABSENCE, E/C COUNSELOR SPOKE MARCH 12 WITH MAX KRELL, US DESK OFFICER, DIVISION OF COMMERCE, ALONG LINES OF REFTEL A. WE PARTICULARLY STRESSED US CONCERN RE TIMING OF SWISS ACTION ON US BEEF QUOTA DURING INVESTIGATIVE STAGE OF COUNTERVAILING BASE AND DEPLORED SUGGESTION THAT SWISS PREPARING ESCALATE CHEESE ISSUE AND LINKING IT WITH OTHER UNRELATED MATTERS.

2. KRELL DENIED THAT "DECISION" TAKEN NOT EXTEND BEEF QUOTA AFTER JUNE 30 OR THAT QUOTA SUSPENDED. HE CONFIRMED, HOWEVER, THAT DIVISION OF COMMERCE HAD SENT LETTERS, APPARENTLY DATED MARCH 7 (DAY FOLLOWING CONVERSATION REPORTED REFTEL B), TO SWISS IMPORTERS OF BEEF DRAWING THEIR ATTENTION TO DIFFICULTIES DIVISION OF COMMERCE WOULD HAVE TO RECOMMEND THAT  
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SPECIAL US QUOTA BE EXTENDED DURING PERIOD WHEN CHEESE

COUNTERVAILING CASE STILL OPEN. ACTUAL DECISION  
AUTHORITY RE QUOTA RESTS WITH DIVISION OF AGRICULTURE  
BUT KRELL ADMITTED THAT LATTER COULD NOT BE EXPECTED  
PROCEED WITHOUT DIVISION OF COMMERCE RECOMMENDATION SINCE  
UNILATERAL QUOTA FOR US SPECIAL CUTS OF BEEF HAD  
BEEN ORIGINALLY GRANTED IN 1967 IN CONTEXT OF FAVORABLE  
US TREATMENT OF HIGH-PRICED HIGH-QUALITY CHEESE FROM  
SWITZERLAND UNDER IMPORT QUOTAS. KRELL SAID DIVISION  
OF COMMERCE FELT BEEF IMPORTERS SHOULD BE AWARE AT  
EARLY DATE THAT THEY COULD NOT ANTICIPATE ROUTINE RENEWAL  
OF QUOTA WHILE CHEESE CASE PENDING. WHILE SWISS UNDER-  
STAND THAT TREASURY FINDING MAY WELL BE AVAILABLE ON OR  
BEFORE END OF JUNE OR EARLY JULY KRELL SAID BEEF  
TRADE HAD TO BE FOREWARNED AT EARLY DATE. IF CASE  
SATISFACTORY RESOLVED, KRELL REPEATED THAT DIVISION OF  
COMMERCE WOULD SPEEDILY RECOMMEND EXTENSION OF BEEF  
QUOTA.

3. AGRICULTURAL ATTACHE AND E/C COUNSELOR WILL MEET  
NEXT WEEK WITH JACOBI, KRELL, AND LUSSE (DIVISION OF  
COMMERCE AGRICULTURAL EXPERT) TO DISCUSS MATTER FURTHER.

4. EMBASSY COMMENT: SWISS FULLY UNDERSTAND MANDATORY  
NATURE OF US COUNTERVAILING DUTY LEGISLATION. THEY HAVE  
CONVINDED THEMSELVES THAT THEIR LONG-STANDING DAIRY  
SECTOR PROGRAMS CANNOT BE CONSIDERED EXPORT SUBSIDIES  
AND THEY OFTEN REFER TO HIGH PRICES AND DECLINING US  
MARKET SHARE. WE THINK SWISS FIND IT PARTICULARLY  
GALLING TO BE CONFRONTED WITH COUNTERVAILING CASE AT  
SAME TIME AS OTHER US CASES INVOLVING CHEESE FROM EC AND  
AUSTRIA, SITUATIONS WHICH THEY FEEL ARE DIFFERENT.

5. CHEESE IS A HIGHLY SYMBOLIC AND POLITICAL SUBJECT  
IN SWITZERLAND AND ANY DISCUSSION OF IT ASSUMES PRO-  
PORTIONS FAR EXCEEDING ITS TRADE VALUE. THUS, WHILE WE  
REGRET THAT SWISS HAVE INTRODUCED BEEF INTO EQUATION AND  
WE HAVE REPEATEDLY TOLD GOS OFFICIALS THAT SUCH LINKAGES  
RISK COMPLICATING RATHER THAN SOLVING MATTER, SWISS  
HAVE HINTED FROM OUTSET BOTH IN BERN AND WASHINGTON  
THAT 300 TONS ANNUAL US QUOTA FOR HIGH QUALITY BEEF  
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WOULD BE IN JEOPARDY. (SEE FOR EXAMPLE BERN 4670,  
DECEMBER 14, 1974 REPORTING ON BERN VISIT OF TREASURY  
REP.) SWISS OBVIOUSLY HOPE THAT BY NOTIFYING SWISS  
BEEF IMPORTERS NOW THEY MAY BE ABLE IN TURN INFLUENCE  
THEIR US SUPPLIERS AND OTHER US AGRICULTURAL INTERESTS  
TO REALIZE POTENTIAL DAMAGE WHICH WOULD RESULT FROM IMPOSITION  
COUNTERVAILING DUTIES ON SWISS CHEESE.

6. EMBASSY WILL CONTINUE EFFORTS DISSUADE SWISS FROM  
PREMATURELY EMBARKING FURTHER ON COURSE OF RETALIATION  
OR OF MAKING UNDESIRABLE LINKAGES BUT WE ARE NOT SANGUINE  
THAT ISSUE CAN BE EASILY DAMPENED WHILE INQUIRY REMAINS  
OPEN. CASE IS MENTIONED FAIRLY OFTEN IN SWISS PRESS.  
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## Message Attributes

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**Disposition Approved on Date:**  
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